



Center for Beneficiary Choices

DATE: May 29, 2002

TO: All Managed Care Organizations (MCOs)

SUBJECT: Implementation of the Health Insurance Portability and Accountability Act (HIPAA) Standards Related to Health Plan Premium Payments (820) - -
INFORMATION

The Administrative Simplification provisions of the Health Insurance Portability and Accountability Act (HIPAA) of 1996 requires that the Secretary of the Department of Health and Human Services adopt a set of national electronic data interchange (EDI) standards for the health care industry. Included in these standards is the Health Plan Premium Payment (820). CMS will use the 820 transaction to provide health plan premium payment information to MCOs.

Currently, this payment information is provided to your organization via the Plan Payment Report. However, as mandated by HIPAA, CMS is required to provide health plan premium payment information using an electronic standard.

The current version of the 820 lacks the payment adjustment codes necessary to fully support CMS' payments to MCOs. As a result, CMS will provide as much detail as possible in the 820 transaction and will provide supporting detail via the Plan Payment Report that is currently provided to MCOs. CMS requested that the 820 transaction be modified to support its adjustment codes, however, that request was denied by the ASC X12N standards organization. Enclosed for your use is a document mapping the Plan Payment Report to the 820 transaction.

CMS is industriously working to complete its effort to implement the 820 transaction and expects to begin testing in early spring 2003. MCOs will be notified of testing dates as soon as possible.

Thanks in advance for your cooperation on this very important endeavor. If you or your staff have any questions, please contact Jim Dorsey on 410-786-1143.

Sincerely,

/s/

Gary A. Bailey
Director
Health Plan Benefits Group, CBC

Enclosure